INTER-RICE

World rice market report- February 2024 n°240

WORLD RICE PRICES DOWN, BUT STILL UNDER PRESSURE

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Market trends

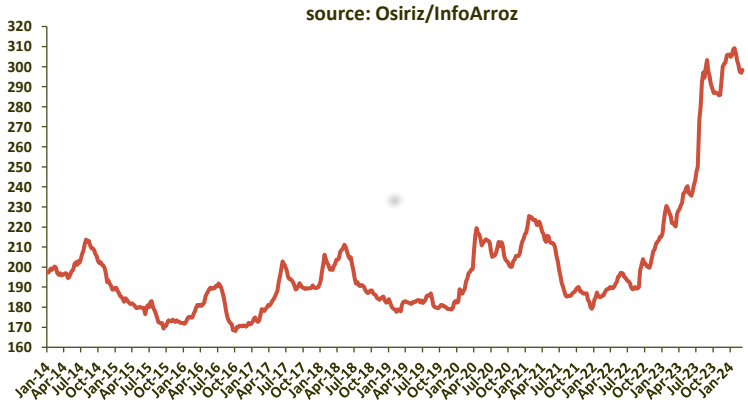
In February, **world rice prices** fell by 2%, with one exception in India where parboiled rice prices remained firm due to strong domestic demand and from African countries. The most significant declines were in Thailand and Vietnam, driven in part by fierce competition between exporters. The drop is also due to the slowdown in import demand, as importers anticipate further falls with the arrival of the new Asian winter-spring harvest. In India, prices remain competitive, despite the 20% duty on rice exports, a measure that has been extended indefinitely. But the real unknown is when will Indian exports of non-basmati white rice be released? Specialists are betting on the 2nd half of the year, once the Indian general elections have passed, scheduled for late April to early May. In the United States, prices have firmed significantly after months of stability, thanks to strong activity on regional markets in Central America, due to reduced export supply from Mercosur countries. Meanwhile, world prices are likely to remain under pressure in the coming months, despite the easing observed in February and the expected reduction in global rice demand, particularly from China, where imports may not exceed 2.5 Mt in 2024. On the other hand, Indonesian imports are expected to rise again in 2024, moving up to 2nd place worldwide behind the Philippines.

In February, the OSIRIZ/InfoArroz (**IPO**) index fell by 5 points to 302.0 points (base 100=January 2000) from 307.0 points in January. In early March, the IPO index was still tending to weaken to 297 points.

OSIRIZ/InfoArroz International price Index (IPO)

base 100 = january 2000

source: Osiriz/InfoArroz



World production

According to the latest FAO estimates, **world rice production** in 2023 would have improved by only 0.4% to 792.5 Mt (526.2 Mt milled basis), against 789.0 Mt in 2022. In Pakistan, production is expected to increase by 30%, returning to its 2021 level. This will partly offset expected reductions in India, Thailand and China. In the United States, after a disappointing season in 2022, production recorded a strong rebound of 37% in 2023, back to its 2021 level. In contrast, Mercosur's rice production has once again declined due to poor weather conditions.

World trade and global stocks

World rice trade in 2023 fell by 6.2% to 52.8 Mt from 56.3 Mt. This drop is mainly due to a reduction in Chinese imports, but also to increased production in some deficit regions, especially in Africa, Middle East and South Asia. In addition, India's decision to ban exports of non-basmati rice (a quarter of Indian exports and 11% of world exports) tends to amplify the drop-in trade. The sharp rise in world prices, largely due to these restrictions, forced some importing countries to defer and/or reduce their import demand. However, part of the decline in Indian exports was offset by Thailand and Vietnam, which increased their exports by 15% in 2023. In contrast, Indian rice exports, in all categories, fell by 20%. Early forecasts for 2024 indicate a further drop in world trade of 2.7% to 51.4 Mt.

World rice stocks ending in 2023 have fallen slightly to 196.3 Mt, against 196.8 Mt in 2022, representing 37% of world consumption requirements. By 2023, Chinese stocks have fallen again to compensate for stagnating production and falling imports. However, Chinese reserves remain large, representing 70% of annual domestic consumption and 50% of world stocks. In India, the stocks would have increased by 4%, largely due to export restrictions. Stocks in the main exporting countries would have reached 57.5 Mt in 2023, slightly down from 2022 and equivalent to 30% of world stocks. In 2024, world stocks are expected to increase by 1.2%, currently estimated at 198.7 Mt.

This monthly report is made by Patricio Méndez del Villar, researcher at the Centre de Coopération Internationale en Recherche Agronomique pour le Développement - CIRAD in France (www.cirad.fr). The contents are available in four languages: French (Osiriz). Spanish (InfoArroz). English (InterRice) and Portuguese (InterArroz). All rights reserved. Osiriz. InfoArroz. InterRice and InterArroz are registered marks. Any reproduction, even partial, is not allowed without prior written consent of the author. The full report can be downloaded only from the website www.infoarroz.org.

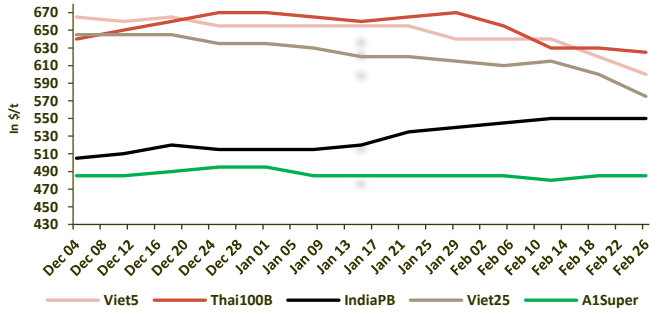
OSIRIZ Index (IPO 100 = January 2000) & Export Rice Prices (US$/t FOB – source: OSIRIZ)													
		IPO	Usa 2/4	Thai100B	Thai Parb	Ind Parb	Viet5	Camb5	Burma5	Uru5	Thai25	Viet25	Pak25	A1Super
2022		**191.5**	**660**	**430**	**428**	**ND**	**418**	**460**	**401**	**533**	**409**	**398**	**362**	**390**
2023*		**242.5**	**734**	**553**	**540**	**470**	**548**	**548**	**565**	**631**	**504**	**530**	**484**	**451**
JULY-SEPTEMBER		**234.5**	**732**	**610**	**595**	**477**	**593**	**554**	**609**	**678**	**544**	**575**	**513**	**463**
OCT-DECEMBER		**242.4**	**751**	**613**	**596**	**509**	**650**	**548**	**606**	**765**	**548**	**634**	**502**	**474**
JANUARY		**340.2**	754	594	580	525	627	720	608	792	533	612	495	460
FEBRUARY		**302.0**	**773**	**635**	**623**	**549**	**625**	**720**	**631**	**850**	**569**	**600**	**570**	**484**
	05-feb-24	**306.7**	750	655	640	545	640	720	625	880	580	610	575	485
	12-feb-24	**303.0**	750	630	625	550	640	720	635	880	570	610	575	480
	19-feb-24	**300.9**	750	630	625	550	640	720	635	860	570	610	575	475
	26-feb-24	**297.5**	795	625	610	550	600	720	640	780	560	575	570	485

source: Osiriz/InfoArroz; *January-December

In **India**, parboiled rice price once again rose by 4.5%, but remains the most competitive on the market despite the 20% duty on exports, which has been extended indefinitely. The ban on exports of non-basmati white rice is keeping the world market under pressure, despite exemptions granted by the Indian government to countries that rely heavily on Indian rice for their food security, especially in Africa and South-East Asia. In 2024, Indian exports could fall once again to 16.5 Mt from 17.9 Mt in 2023, 40% of which would be parboiled rice. In February, Indian parboiled rice traded at $ 549/t Fob, against $ 525 previously. In early February, the price was firm at $ 555.

Weekly Evolution of World Rice Prices

US$ Fob Bangkok, Kandla and Ho Chi Minh Ville
source: Osiriz/InfoArroz



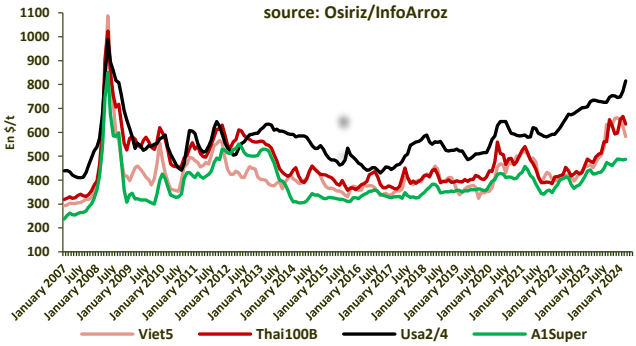
In **Thailand**, rice prices declined by 5% due to strong competition from Vietnam. In addition, import demand is tending to slow as importers anticipate further price cuts with the arrival of new offers on the market. The Thai authorities' increasing control of export markets, through government-to-government contracts (G2G), contributing also to lower export prices. However, a rise in export prices cannot be ruled out because a reduction in production is expected in 2024 as a result of water shortages in the off-season. The authorities have asked rice growers to reduce their rice acreage and replace it with crops that consume less water and more profitable. However, export supply should remain satisfactory and external sales are expected to reach 8.4 Mt, against 8.7 Mt in 2023. In February, Thai 100%B rice averaged $ 635, against $ 666 in January. Parboiled Thai also fell to $ 623 from $ 643. By contrast, A1 Super broken rice remained relatively stable at $ 484 versus $ 487. In early March, Thai prices tended to firm up due to the bath's strength against the dollar and renewed demand from Indonesia.

In **Vietnam**, export prices declined by 4% due to the arrival of the winter-spring harvest. Despite higher prices than its Thai competitor, Vietnam continues to win tenders, especially from Indonesia, which will once again have a strong showing on the import market, becoming the world's 2nd largest importer with 3.3 Mt expected in 2024. However, the Philippines will remain the main market, accounting for 40% of Vietnamese exports. In 2024, external sales could decline to 7.8 Mt from 8.2 Mt in 2023. In February, Viet 5% rice traded at $ 625 versus $ 652 previously. Viet 25% marked $ 600 against $ 624. In early March, prices were still tending to decline.

In **Pakistan**, rice prices continue to rise, particularly in the low-quality categories, while high-end rice prices have tended to lose steam due to the absence of new demand from China and African countries, which are more interested in the competitive Thai rice. However, Pakistani export outlook is very promising for 2024, with the potential to reach a record level of 5.5 Mt, from 4.5 Mt in 2023, thanks to a more abundant export supply. In February, Pak 25% traded at $ 570, against $ 551 in January. In early March, prices were still firm at $ 575.

Monthly Evolution of World Rice Prices

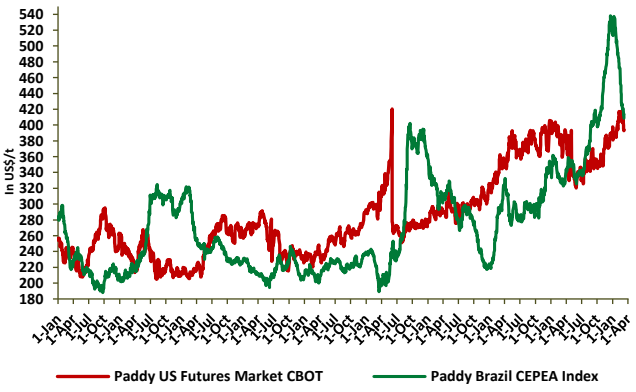
US$ Fob Bangkok, Houston and Ho Chi Minh Ville
source: Osiriz/InfoArroz



In **China**, imports could once again fall to 2.3 Mt from 2.7 Mt in 2023. This would make China the world's 3rd largest importer, behind the Philippines and Indonesia, but closely followed by the European Union.

In the **United States**, rice prices strengthened thanks to better external sales on Latin American regional markets. The US benefits greatly from limited export offers from Mercosur countries, its main competitors in this region. In February, US exports reportedly reached 395,000 t against 330,000 t in January, up 50% from the same period last year. The indicative price for *Long Grain 2/4* was $ 773/t in February, against $ 748 previously. In Early March, the price stood firm at $ 815. On the Chicago Board of Trade, paddy rice futures were up a further 5% to $ 409/t from $ 390 in January. In early March, futures prices tended to run out of steam at $ 398.

Daily price of paddy United States and Brazil



In **Mercosur**, export prices remain firm due to lower exportable supplies forecast for this year. Lower 2022/2023 production and uncertainties over the 2023/2024 harvest are weighing on export prices. The Brazilian paddy indicative price has begun to fall, after reaching historic levels over the last two months. In February, it averaged $ 456/t, against $ 518/t in January. In early March, the indicative price was still tending to decline significantly at $ 415/t, with the arrival of the new harvest.

In **sub-Saharan Africa**, the supply of local rice is quite satisfactory with the arrival of new crops on the markets, despite lower-than-expected yields. Domestic prices are under pressure due to strong consumer demand and India's export restrictions. In 2024, African imports could fall again, but remain high, equivalent to 40% of consumption requirements.

Rice (millions of tons)

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Paddy rice								(e)	(p)
World Production	**736.4**	**748.5**	**752.8**	**764.6**	**758.3**	**780.3**	**792.5**	**789.0**	**792.5**
China	212.1	211.1	212.7	212.2	210.0	211.9	212.8	208.5	208.4
India	156.5	163.7	168.5	172.6	178.3	184.5	194.2	199.1	197.0
Indonesia	61.0	54.0.9	55.3	59.2	67.7	54.6	54.4	54.0	52.5
Bangladesh	51.8	50.4	54.2	54.5	55.2	55.9	56.8	57.8	58.5
Vietnam	45.1	42.8	42.8	44.0	43.4	42.7	43.9	42.7	43.1
Thailand	27.4	32.4	33.7	32.7	28.3	30.3	33.0	34.4	33.4
Burma	27.7	28.6	29.5	30.4	25.3	25.1	24.9	24.7	25.9
Brazil	12.4	10.6	12.3	12.1	10.5	11.2	11.8	10.8	10.0
Japan	10.5	10.7	10.8	10.6	10.5	10.5	10.6	10.4	10.3
Milled rice									
World Exports	**45.0**	**41.3**	**48.3**	**48.5**	**44.3**	**45.8**	**52.1**	**56.3**	**52.8**
India	11.2	10.1	12.5	11.6	9.8	14.5	21.4	22.5	17.9
Thailand	9.8	9.9	11.6	11.1	7.6	5.7	6.1	7.7	8.8
Vietnam	6.6	5.8	5.9	6.6	7.0	6.2	6.5	7.2	8.3
Pakistan	4.1	4.0	3.7	3.9	4.5	4.0	3.9	4.6	4.5
China	0.3	0.5	1.2	2.8	2.6	2.5	2.4	2.2	2.0
United States	3.5	3.5	3.3	3.1	3.1	3.1	2.9	2.2	2.4
Burma	3.1	2.8	3.1	2.7	2.5	2.2	1.8	2.2	2.2
Brazil	0.9	0.6	0.6	1.2	0.8	1.4	1.2	1.4	1.0
Others	5.6	4.1	6.3	6.4	6.3	6.4	6.2	6.1	5.7
World Imports	**45.0**	**41.3**	**48.3**	**48.5**	**44.3**	**45.8**	**52.1**	**56.3**	**52.8**
China	7.1	6.3	5.9	4.5	3.8	3.6	5.1	6.6	2.7
Nigeria	2.2	2.2	2.7	2.3	2.3	2.0	2.0	2.4	2.2
Philippines	2.0	0.8	1.2	2.5	2.8	2.5	3.0	3.9	3.7
European Union	1.8	1.8	2.0	1.9	2.2	2.0	1.9	2.5	2.2
Cote d'Ivoire	1.4	1.4	1.6	1.7	1.4	1.3	1.8	2.0	1.7
Iran	0.8	1.1	1.4	1.3	1.4	1.0	0.9	1.8	1.2
Saudi Arabia	1.6	1.2	1.1	1.2	1.3	1.1	1.2	1.3	1.2
Senegal	1.4	1.1	1.6	1.4	1.0	1.2	1.5	1.9	1.4
Indonesia	1.3	1.3	0.3	2.3	0.4	0.5	0.6	0.5	3.3
Brazil	0.3	0.7	0.8	0.6	0.7	0.9	0.7	0.8	1.0
Japan	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Fed. Russia	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Eastern Asia	**16.7**	**13.4**	**16.4**	**17.1**	**12.8**	**12.4**	**16.2**	**18.3**	**16.3**
Africa	**13.8**	**14.3**	**17.1**	**16.7**	**16.0**	**16.2**	**17.6**	**18.7**	**16.6**
Near & Middle East	**8.1**	**7.3**	**8.4**	**8.6**	**8.5**	**8.6**	**8.6**	**8.6**	**8.6**
Latin America	**3.8**	**4.3**	**4.4**	**4.3**	**4.2**	**4.9**	**4.0**	**4.2**	**4.4**
Developed countries	**4.1**	**3.9**	**4.2**	**4.3**	**5.0**	**5.7**	**5.2**	**6.3**	**6.2**
Stocks ending	**175.7**	**173.6**	**174.3**	**177.3**	**187.1**	**188.0**	**194.9**	**196.8**	**196.3**
China	92.9	98.0	99.0	103.3	105.9	103.9	102.8	100.6	100.1
India	21.5	18.1	19.5	21.7	28.8	32.7	35.6	41.4	43.2
Pakistan	1.1	0.9	0.7	0.8	0.6	0.6	1.1	1.0	0.4
Thailand	16.2	10.7	8.2	5.6	5.4	6.0	8.0	9.9	10.1
Vietnam	3.2	2.8	3.2	3.1	3.0	3.4	3.1	4.2	3.8
United States	1.5	1.5	1.5	0.9	1.4	0.9	1.4	1.3	0.9

Sources: FAO & USDA. 2024